

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 000150

SIPDIS

NSC FOR CBARTON  
USCINCSO ALSO FOR POLAD

E.O. 12958: DECL: 01/10/2014

TAGS: [PREL](#) [ECON](#) [OVIP](#) [VE](#)

SUBJECT: VENEZUELA: CODEL DODD MEETS BUSINESS, POLITICAL  
AND JUDICIAL LEADERS

REF: CARACAS 00367

Classified By: A/DCM Abelardo A. Arias for Reason 1.4(d)

-----  
Summary  
-----

1. (C) CODEL Dodd met January 9 with Venezuelan business leaders who noted their concern with increased GOV involvement in the private sector and recommended the USG emphasize multilateral cooperation in dealing with President Hugo Chavez. Meeting with the National Assembly leadership, the CODEL discussed increased U.S.-Venezuelan cooperation on issues like commerce and energy, terrorism, narcotrafficking, and corruption investigations. Supreme Court President Ivan Rincon told the Senators he had been assured World Bank funding for judicial reform, and the court structure that necessitated an expansion would not lead to additional court chambers. The Senators also briefly met with representatives of the opposition. They emphasized the importance of having a trustworthy National Electoral Council for the legislative elections scheduled for December. End Summary.

-----  
Meeting with Business Leaders  
-----

2. (C) The Ambassador hosted a meeting for Senators Christopher Dodd (D-CT), Lincoln Chafee (R-RI), William Nelson (D-FL) with business leaders from sectors ranging from banking and consulting services to food processing, consumer goods, and natural gas production January 9. Also present were Senate Foreign Relations Staffer Janice O'Connell, Dodd Staffer Jonathan Pearl, Nelson Staffer Dan McLaughlin, and Chafee Staffer Deborah Brayton. Imelda Cisneros, President of the Venezuela-U.S. Chamber of Commerce (VENAMCHAM) and head of the Caracas offices of consulting firm Arthur D. Little, led off by noting that 2004 had been a good business year, as the oil-based economic recovery had kicked in. However, economic growth was not sustainable over the long haul with current policies. She noted that while VENAMCHAM had been able to engage in dialogue with specific officials, the overall direction of GOV policies was disturbing, with ever-greater state involvement in the economy and the isolation of Venezuela from the process of U.S.-led free trade agreements.

3. (C) Proctor and Gamble executive Ed Jardine echoed her views, suggesting that 2005 would be a year of 4-6 pct GDP growth and that the GOV, with an eye to Presidential elections would do everything possible to keep the economy pumped up through 2006. He said that the head offices of U.S. corporations in Venezuela remained cautious about investing, especially as GOV rhetoric, including most recently threats of expropriation of agricultural land, was very ominous. Nelson Ortiz, President of the Caracas Stock Exchange, noted the increasing direct GOV presence in key sectors, such as food, where in order to gain political support, it sold products to low income consumers at below-cost prices with which private businesses could not compete.

4. (C) Senator Dodd asked the business leaders what the appropriate USG response should be. Andres Duarte, a petroleum and port services entrepreneur, suggested that the USG should avoid where possible direct, bilateral confrontation with the GOV "as this is exactly what Chavez wants," and instead should, where possible, cloak itself in multilateral approaches, calling the GOV to account for its performance in terms of obligations which it has assumed under international treaties (trade, human rights, labor, etc.). Kellogg's country manager Arthur Gelles noted the importance of highlighting the benefits to the country that multinational companies provide and their commitment to corporate social responsibility projects. Gustavo Vollmer, whose family-owned businesses range from sugar and rum to banking, urged the USG to forge a common agenda with different hemispheric partners in the face of Chavez's "leftist and militarist" model. Economic consultant Pedro Palma summed up the businessmen's thinking by saying that the USG must not present Chavez with an easy target, but that it

should be under no illusions - his control of the congress, the courts, the military and the bureaucracy mean that Venezuela is not now a functioning democracy as we understand the term. The senators expressed appreciation for the views expressed at the meeting and committed themselves to pressing to keep Venezuela and Latin America more generally high on the U.S. foreign policy agenda.

-----  
Meeting the National Assembly Leadership  
-----

15. (U) The CODEL and the Ambassador met with National Assembly President Nicolas Maduro (Fifth Republic Movement -- MVR), First Vice President Ricardo Gutierrez (Podemos), and Second Vice President Pedro Carreno (MVR) January 10. Maduro told the Senators that while Venezuela's economic recuperation exceeded expectations, there was still much to do. Maduro also noted that political stability increased after President Hugo Chavez won the recall referendum and the "the large victory for the people we represent" during the regional elections. Separately, Maduro said it was time to solve the difficult and conflictive relationship that existed between the U.S. and Venezuela by cooperating on trade, narcotrafficking and terrorism.

16. (C) Senator Dodd told Maduro that the U.S. Congress wanted relations with Venezuela to move forward and reiterated the points Maduro had suggested for increased cooperation, adding energy. Second Vice President Pedro Carreno noted Venezuela's parliamentary investigative committees could be a mechanism for cooperation and coordination. Carreno also suggested working together on cooperation for the extradition of corrupt officials, repatriation of capital and assets, and eliminating fiscal havens, which he called a breeding ground for corruption, money laundering and drugs. Returning to the social programs involving health, education and food, Senator Chafee asked what the U.S. could do to help. First Vice President Ricardo Gutierrez suggested establishing legislative working groups for these issues. Gutierrez also said he would like to see cooperation in education and scientific development, perhaps through university exchanges or cooperation, which he called the key to development.

17. (C) Senator Nelson asked the deputies to deliver a message to Chavez. He said after the elections, it was time to move on to a mutually beneficial relationship. However, he noted, there was no sign that President Chavez wanted to do that. Senator Nelson asserted that President Leonel Fernandez (Dominican Republic) had promised to speak to Chavez to facilitate better relations, but Nelson had heard nothing back. Maduro asserted that mechanisms were being created to improve relations, citing Venezuelan Ambassador to the U.S. Bernardo Alvarez as the representative in charge of that relationship. He said the deputies would tell Chavez about the talk with the Senators and let him evaluate it.

-----  
Meeting with the Boston Group  
-----

18. (C) Following the meeting with the National Assembly leadership, the Senators and the Ambassador met with Boston Group members Saul Ortega (MVR, also President of the Foreign Relations Committee), Pedro Diaz Bloom (Proyecto Venezuela), Pedro Pablo Alcantara (Accion Democratica -- AD), Victor Ceden (COPEI) and Foreign Relations Committee deputy Victor Hugo Morales (MVR). Diaz cited the establishment of a television station to broadcast National Assembly updates proposed by Boston Group members proposed, and which Maduro has included in the agenda for 2005, as an example of the Group's success. Alcantara lamented the opposition did not have representation in the new National Assembly leadership, saying the opposition represented an important part of Venezuela. Alcantara, Ceden and Morales told the Senators that Venezuela was fighting for democracy. Morales said Venezuela is fighting terrorism and narcotrafficking, but development is its biggest problem. Senator Dodd welcomed Diaz Bloom's suggestion to include Senators in the Boston Group, and told the deputies the U.S. and Venezuela should continue to work together.

-----  
Meeting with the Supreme Court President  
-----

19. (C) The Ambassador, Senators Dodd, Chafee and Nelson, and Foreign Relations staffer O'Connell also met with Supreme Court President Ivan Rincon January 10. Rincon said the World Bank has guaranteed to fund the Supreme Court's judicial reform project, contrary to what National Assembly deputy Julio Borges (Primero Justicia) had told the press. (Note: Rincon's assertion that the World Bank guaranteed funding also counters what David Varela, resident representative of the World Bank told the Embassy. ) Rincon said he hoped the National Assembly would choose the new National Electoral Council (CNE) directors instead of leaving

it to the Supreme Court who had had to choose the current directors. Regarding the Court's recent expansion, Rincon told the Senators that Venezuela's court structure and mandate drove the expansion and pointed out how Venezuela's system differs from that of the U.S. and other countries. Despite the expansion, Rincon said, the number of chambers would remain unchanged.

-----  
Getting Opposition Views  
-----

10. (C) The Senators also met briefly with nearly a dozen opposition representatives at a lunch hosted by the Ambassador. (The event had to be cut short when President Chavez opened time to meet with the Codel early that afternoon.) The Venezuelans commented principally on the importance of having a trustworthy National Electoral Council to oversee the legislative elections in December. Many Venezuelans would not participate, they asserted, if confidence in the institution was not bolstered through the selection of new members expected in the coming months. Senator Dodd drew the attention of the Chavez opponents to the municipal elections coming at mid-year, citing it as an opportunity for them to begin building voter support. The opposition representatives also highlighted President Chavez's control at present over all the branches of Venezuelan government, citing for example the recent packing of the country's Supreme Court with Chavez loyalists. Asked by the Senators about the prospects for dialogue with the GoV, they were not optimistic. "The government only wants interlocutors of its own choosing," one of the representatives noted.

-----  
Comment  
-----

11. (C) The new National Assembly leadership composed of Chavez supporters spoke about cooperation, but their actions will be dictated by Chavez's decisions. The National Assembly is more likely to concentrate on a domestic, Chavez-prescribed agenda for 2005.

12. (U) CODEL Dodd did not have the opportunity to clear this message before its departure.  
McFarland